

Message Text

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15

ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 PM-09 H-02 INR-09 L-03 NSAE-00

NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12 OMB-01

COME-00 EB-11 LAB-06 SIL-01 TRSE-00 RSR-01 /099 W

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R 230835 Z MAR 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 590

INFO CNO

NAVCOMMSTA HAROLD E HOLT

DOD

C O N F I D E N T I A L CANBERRA 1673

E. O. 11652: GDS

TAGS: MARR PFOR AS

SUBJECT: ADVERSE REACTION IN AUSTRALIA TO ECONOMIES AT NORTHWEST
CAPE

1. SEVERAL NATIONAL AUSTRALIAN NEWSPAPERS IN PAST
FEW DAYS HAVE REPORTED CRITICISM BY TRADES AND LABOR
COUNCIL (TLC) IN PERTH OF RECENT DECISION TO ACHIEVE
ECONOMY IN OPERATION AT NORTHWEST CAPE STATION.
ANNOUNCEMENT WAS MADE FEW DAYS AGO AT STATION THAT
BECAUSE OF RECENT REVALUTATION OF CURRENCY THERE WAS
CONSEQUENT NEED TO REDUCE EXPENDITURES AT STATION
DURING CURRENT FISCAL YEAR BY US200,000 DOLLARS.
AT SAME TIME OFFER WAS MADE TO ALLOW EMPLOYEES AT
STATION VOLUNTARILY TO GO ON LEAVE WITHOUT PAY FOR PART OF THREE-
MONTH PERIOD ENDING JUNE 30, 1973. OFFER WAS ATTACKED
BY TLC, PERTH, WHICH APPEARED TO MISREPRESENT SITUATION
TO EFFECT THAT AUSTRALIAN EMPLOYEES WERE BEING DIS-
CRIMINATED AGAINST. NEWSPAPER COVERAGE SEEMED PUT
MATTER IN BETTER PERSPECTIVE, HOWEVER, AND INDICATED
SOME SYMPATHY FOR FINANCIAL PREDICAMENT.

2. AMCONSUL PERTH INFORMS THAT WEST AUSTRALIAN
NEWSPAPER MARCH 23 HOWEVER SUPPORTS TLC POSITION REGARDING
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CONDITIONS OF LABOR AT NORTHWEST CAPE. ACCORDING TO AMCONSUL THIS IS UNUSUAL STATEMENT FOR WEST AUSTRALIAN TO MAKE SINCE IN PAST THEY HAVE BEEN MORE THAN FAIR IN TREATMENT OF OCCASIONAL LABOR DIFFICULTIES REPORTED AT STATION.

3. WE UNDERSTAND THAT NEW ANNOUNCEMENT ALSO WITH AIM OF SAIVING MONEY IN CURRENT FISCAL YEAR WILL BE ANNOUNCED AT NORTHWEST CAPE ON MONDAY, MARCH 26. NEW ANNOUNCEMENT WILL STATE THAT SOME CATEGORIES OF AUSTRALIAN EMPLOYEES WILL NOT RECEIVE SCHEDULED STEP INCREASES IN SALARY AND THAT IN EFFECT THEY WILL BE FROZEN IN THEIR POSITIONS FROM NOW ON. THIS ANNOUNCEMENT APPEARS BOUND TO CREATE ANOTHER OCCAISON FOR CRITICISM OF NORTHWEST CAPE BY TLC.

4. WHILE EMBASSY APPRECIATES DIFFICULTIES WHICH MAKE IT NECESSARY TO DECREASE EXPENDITURES AT NORTHWEST CAPE DURING CURRENT FISCAL YEAR, WE WANT TO BRING ATTENTION OF DEPARTMENT TO SITUATION WHICH COULD DEVELOP IF FURTHER MEASURES OF ECONOMY AFFECTING AUSTRALIAN EMPLOYEES ARE INTRODUCED. AMCONSUL PERTH REPORTS TELEPHONE CALL FROM WEST AUSTRALIAN PREMIER' S OFFICE MARCH 23 STATING PREMIER SENDING LETTER TO CONSUL ON SUBJECT. LETTER WILL SAY IN EFFECT PREMIER DOES NOT BELIEVE ECONOMY AT NORTHWEST STATION PRESENTS GOOD PICTURE OF USG IN LIGHT OF SMALL AMOUNT OF MONEY INVOLVED (US\$200.000) AND HE DOES NOT FEEL ACTION INVOLVED IN REDUCING COSTS AT STATION ACCURATELY REFLECT US- AUSTRALIAN MILITARY RELATIONSHIP.

5. IT IS UNFORTUNATE THAT SUCH ECONOMIES FOCUS ATTENTION UPON STATION AT THIS PARTICULAR TIME WHEN ALP GOVERNMENT IS IN PROCESS OF DEFENDING ITS POSITION ON FACILITIES WITH AUSTRALIAN PARLIAMENT AND ALP PARLIAMENTARY CAUCUS. WHILE WE UNWARE OF WHAT MEASURES CAN BE TAKEN TO RELIEVE FINANCIAL DIFFICULTY IN WHICH NORTHWEST CAPE STATION FINDS ITSELF, WE CONSIDER IT IMPORTANT TO BRING TO DEPARTMENT' S ATTENTION THE SITUATION WHICH APPEARS TO BE DEVELOPING.
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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CANBER01673
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GDS
Errors: n/a
Film Number: n/a
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730335/aaaaided.tel
Line Count: 119
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 16 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Oct-2001 by kelleyw0>; APPROVED <17-Oct-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971218
Subject: ADVERSE REACTION IN AUSTRALIA TO ECONOMIES AT NORTHWEST CAPE
TAGS: MARR, PFOR, AS
To: CNO
DOD
EA
NAVCOMMSTA HAROLD E HOLT
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

